

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 262153

50

ORIGIN EB-07

INFO OCT-01 NEA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-05 NSAE-00 RSC-01 CG-00 COA-01 DLOS-03

SWF-01 L-02 FRB-01 OMB-01 TAR-01 SP-02 AGR-05 AID-05

IO-10 LAB-01 OIC-02 SIL-01 STR-01 TRSE-00 CIEP-01

CEA-01 SS-15 NSC-05 /080 R

DRAFTED BY EB/TT/MA:SVSMITH:BST

APPROVED BY EB/TT/MA:SVSMITH

NEA/INS:MR. LORTON (SUBS)

FMC:WJSMITH (INFO)

----- 012005

P 272256Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO PRIORITY

LIMITED OFFICIAL USE STATE 262153

E.O. 11652:N/A

TAGS: EWWT, CE

SUBJECT: SRI LANKA SHIPPING CONFLICT

REF: A. COLOMBO 3299 AND PREVIOUS

B. STATE 258969 AND PREVIOUS

1. SUMMARY: AS REPORTED REF A, SRI LANKA CFB  
HAS CONCEDED MUCH OF ITS POSITION IN THIS CONFLICT.  
CEYLON/USA CONFERENCE (CUSAC) HAS RESPONDED TO CFB  
WITH TWO MORE REQUESTS WHICH MAY PROVE DIFFICULT  
FOR CFB TO ACCEPT. END SUMMARY.

2. CUSAC RECEIVED FOLLOWING CABLE FROM CFB NOV. 25:  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 262153

"REFERENCE YOUR LAST CABLE MESSAGE WOULD SUGGEST

FOLLOWING AS FINAL SOLUTION FOR OUTSTANDING PROBLEMS:

1. CFB WILL APPROVE ALL BUNKER SURCHARGES LEVIED BY CUSAC UP TO NOV. 30, 1974 THUS ENABLING REMITTANCE OF ALL BLOCKED FUNDS.
2. CUSAC WILL RESCIND FREIGHT COLLECT RULE AND RESTORE STATUS QUO.
3. CUSAC WILL INTRODUCE EFFECTIVE DEC. 1, 1974 NEW LEVEL OF BUNKER SURCHARGE ON THE BASIS OF FMC RECOMMENDATIONS".

3. CUSAC'S CABLE RESPONSE NOV. 27 FOLLOWS:

"CONFERENCE MOST GRATEFUL YOUR CABLE 25TH AND INCLINED VIEW PROPOSALS FAVORABLY. HOWEVER, BEFORE ARRIVING AT FINAL DETERMINATION THERE ARE TWO OTHER MATTERS ON WHICH CONFERENCE REQUESTS CFB RESPONSE:

1. WOULD APPRECIATE CFB AGREEMENT TO ACCEPT FMC RECOMMENDATIONS ON FUTURE CONFERENCE BUNKER FUEL SURCHARGE ACTIONS SHOULD DISPUTE RECUR.
2. SOLICIT CONCURRENCE WITH CONFERENCE INTERPRETATION OF PROPOSED PRIOR CONSULTATION PROCEDURES OUTLINED CFB CABLE 19TH AS LEAVING IN CONFERENCE HANDS FINAL DECISION AFTER CONSULTATIONS. ALSO INTEND TO OMIT SURCHARGES FROM PRIOR CONSULTATION SINCE ALWAYS PREDICATED UPON EMERGENCY CONDITIONS AND TO OMIT ORDINARY TARIFF MATTERS NONE OF WHICH ARE CUSTOMARILY SUBJECT TO PRIOR CONSULTATION. AS TO POSSIBLE FUTURE CHANGES IN FREIGHT PAYMENT RULE (DEPT. COMMENT: FREIGHT-COLLECT VS. PREPAID CARGOES, ETC.) WHICH MAY BE NECESSARY SAFEGUARD AGAINST UNDULY SLOW REMITTANCES, ESPECIALLY AT A TIME WHEN THE COST OF MONEY IS EXTREMELY HIGH, CONFERENCE WOULD BE WILLING EXTEND ADVANCE NOTICE OF 30 DAYS, DURING WHICH PERIOD AGREEABLE CONSULT, PRESERVING RIGHT TO FINAL DETERMINATION. IN EXCHANGE FOR FOREGOING CONFERENCE WILLING EXTEND 21 DAYS ADVANCE NOTICE IN ADDITION TO EXISTING REGIONAL PRACTICE OF 90 DAYS ADVANCE NOTICE OF CHANGE FREIGHT RATE INCREASES WHICH ARRANGEMENT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 262153

CUSTOMARY IN OTHER TRADES WHERE RELATED CONFERENCES WITH COMPARABLE MEMBERSHIP HAVE LONG-STANDING AGREEMENTS FOR PRIOR CONSULTATIONS WITH SHIPPERS COUNCILS. VIEW THIS CONFERENCE'S LONG HISTORY OF DISCUSSION AND CONSULTATIONS WITH ALL INTERESTED PARTIES IN THIS TRADE, AND ESPECIALLY WITH THE U.S. TEA ASSOCIATION, CONFERENCE FULLY INTENDS HEAR AND GIVE APPROPRIATE CONSIDERATION OR COMMENTS CONCERNING TRADE CONDITIONS.

WOULD BE MOST GRATEFUL FOR YOUR PROMPT COMMENTS.  
IF COMMENTS FAVORABLE CONFERENCE WOULD AGREE IMMEDIATELY  
TO ALL TERMS YOUR CABLE 25TH AND CONFERENCE VESSELS  
WOULD BE PERMITTED LOAD IMMEDIATELY UNDER CHANGED  
CONFERENCE TARIFF RULE PERMITTING PREPAID OR COLLECT  
SHIPMENTS. RESPECTFULLY SUBMITTED."

4. CABLE TEXTS PARA 3 AND 4 ABOVE TAKEN OVER PHONE  
AND MAY NOT BE PRECISE. DEPT. WILL POUCH COPIES  
WHEN RECEIVED FROM CUSAC.

5. IN RELATED MATTER FMC BUREAU OF COMPLIANCE NOW  
ANALYZING ADDITIONAL CUSAC DATA IN SUPPORT OF  
DOLLARS 22.50 SURCHARGE AND FMC STAFF EXPECTS  
RECOMMEND ACTION TO COMMISSION ITSELF WITHIN  
NEXT WEEK OR TWO.

6. DEPARTMENT OFFICER HAS EXPRESSED DISAPPOINTMENT  
TO HAMM (SECRETARY OF CUSAC) OVER CUSAC NOV. 27  
RESPONSE (PARA 3 ABOVE) WITH OPINION THAT BETTER  
RESPONSE MIGHT HAVE BEEN TO ACCEPT "FINAL SOLUTION"  
IN CFB'S NOVEMBER 25 CABLE (PARA 2 ABOVE) AS AT  
LEAST AN INTERIM SOLUTION TO BUNKER SURCHARGE  
PROBLEM AND TO NOT OPEN LARGER ISSUES RAISED BY NOV. 27  
CUSAC CABLE. AS NOV. 27 REPLY HAS ALREADY BEEN  
DISPATCHED BY CUSAC, ANTICIPATED DAMAGE IS ALREADY  
DONE. HOWEVER, DEPENDING ON CFB RESPONSE, DEPT. WILL  
ADVISE CUSAC TO CONSIDER ACCEPTING "FINAL SOLUTION"  
CONTAINED CFB NOV. 25 CABLE AS A TEMPORARY  
SOLUTION AND TO TAKE UP LARGER PROBLEMS RAISED IN  
CUSAC NOV. 27 REPLY AT LATER DATE.

7. ACTION REQUESTED: SO THAT DEPARTMENT WILL BE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 262153

ABLE MAKE BEST EFFORT HEAD OFF ANOTHER HARD-LINE  
RESPONSE BY CUSAC, EMBASSY REQUESTED, AS POSSIBLE,  
ASCERTAIN AND CABLE DEPT. DETAILS OF GSL/CFB  
RESPONSE NOV. 27 CABLE (PARA 3 ABOVE).

8. COMMENT: EXPECTED FMC DETERMINATION ON LEVEL  
OF SURCHARGE, COUPLED WITH NOV. 25 CFB CABLE, MIGHT  
HAVE PROVIDED BASIS FOR RESOLUTION CFB/CUSAC BUNKER  
SURCHARGE DISAGREEMENT. HOWEVER, CUSAC'S NOV. 27  
RESPONSE (PARA 3 ABOVE) MAY NOT BE  
ACCEPTABLE TO SRI LANKANS. ONCE FMC HAS MADE ITS  
DETERMINATION, DEPT. POSITION WILL MOST LIKELY BE TO  
ENCOURAGE THAT CFB AND CUSAC REACH ACCOMMODATION  
ALONG LINES OF THAT OUTLINED BY CFB IN THEIR  
NOV. 25 CABLE (PARA 2 ABOVE). IF WE ARE FORTUNATE

AND ABLE TO SEE THIS IMMEDIATE PROBLEM RESOLVED,  
INDICATIONS ARE THAT CERTAIN NON-U.S. MEMBERS OF  
THE CONFERENCE FEEL SQUEEZED, PARTICULARLY HARD BY  
SLOW REMITTANCES OF FREIGHT CHARGES BY SRI LANKANS.  
THIS IS PART OF REASON FOR NOV. 27 CUSAC RESPONSE  
AND WILL MOST LIKELY REMAIN PROBLEM IN CFB/CUSAC RELATIONS.  
INGERSOLL

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MARINE TRANSPORTATION, DISPUTES, ARBITRATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE262153  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** SVSMITH:BST  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740345-0226  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t1974116/aaaaaerz.tel  
**Line Count:** 176  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A. COLOMBO 3299 AND PREVIOUS  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 AUG 2002 by izenbei0>; APPROVED <17 MAR 2003 by boyleja>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SRI LANKA SHIPPING CONFLICT  
**TAGS:** EWWT, CE  
**To:** COLOMBO  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005